

Increasing Urban Residential Building Capacity Grants: HB 1923 Proviso Outcomes Report (2019-2021)

E2SHB 1923 (laws of 2019) provided \$5 million for the 2019-2021 biennium for grants to local governments to increase residential building capacity in Washington communities. Grants of up to \$100,000 were prioritized for cities over 20,000 in population, however the opportunity was open to all fully planning cities in Washington.¹ In order to accept the grant, each city contracted to adopt at least two provisions from RCW 36.70A.600(1), or to develop a Housing Action Plan RCW 36.70A.600(2).²

Grant Program Highlights

- A total of \$4,768,108 was granted to 65 cities.
- 39 jurisdictions worked on a housing action plan (HAP), 25 worked on code changes, and some jurisdictions did both a HAP and code changes, for a total of 121 actions.
- 58% of the grant recipients had populations greater than 20,000, many with greater capacity to write an application and staff a grant.
- 82% of the recipients used consultants to complete the work, as many communities did not have staff capacity to absorb the work.
- 81% of the actions were completed within the grant period. For some, COVID-19 related delays significantly slowed the work. In some cases, local politics made it difficult to adopt some policies.
- This grant process inspired regional approaches, with four regional housing action plans:
 - Six cities in south King County (joint housing needs assessment only)
 - Walla Walla, College Place, Waitsburg and Dayton
 - Lacey, Olympia and Tumwater
 - Bonney Lake and Sumner

Housing Action Plan Strategies Addressed Local Needs

All HAPs were required to include a housing needs assessment (HNA) before developing strategies to address their specific housing needs. Many local HNAs showed substantial housing need at lowest and highest income levels, with a majority of communities having adequate housing for those with moderate incomes. These HNAs also showed that the majority of housing in the state is single family homes and apartments, with few middle housing options, such as duplexes, triplexes or townhomes. The HNAs also showed many communities are not on track to meet demand or projected growth. Since the 2008 recession, housing has not been constructed at the same rate as people have been moving to Washington.

¹ In addition to the \$5 million for fully planning cities, \$25,000 grants to partially planning jurisdictions were made available for those communities to do the same work. The results in this report include the three partially planning grants that were awarded.

² See full list of grantees and original actions in HB 1923, later amended by HB 2343, at end of document. This report is on the first set of actions funded in the 2019-2021 biennium.

In response to these findings, housing action plans (HAPs) prioritized actions that local governments will take in the coming years. Common HAP strategies included:

Changing zoning

- Updating regulations to allow more housing options in more zoning districts
- Reducing or eliminating parking requirements
- Removing barriers to accessory dwelling unit (ADU) construction
- Supporting more housing in transit corridors through rezoning or regulatory changes

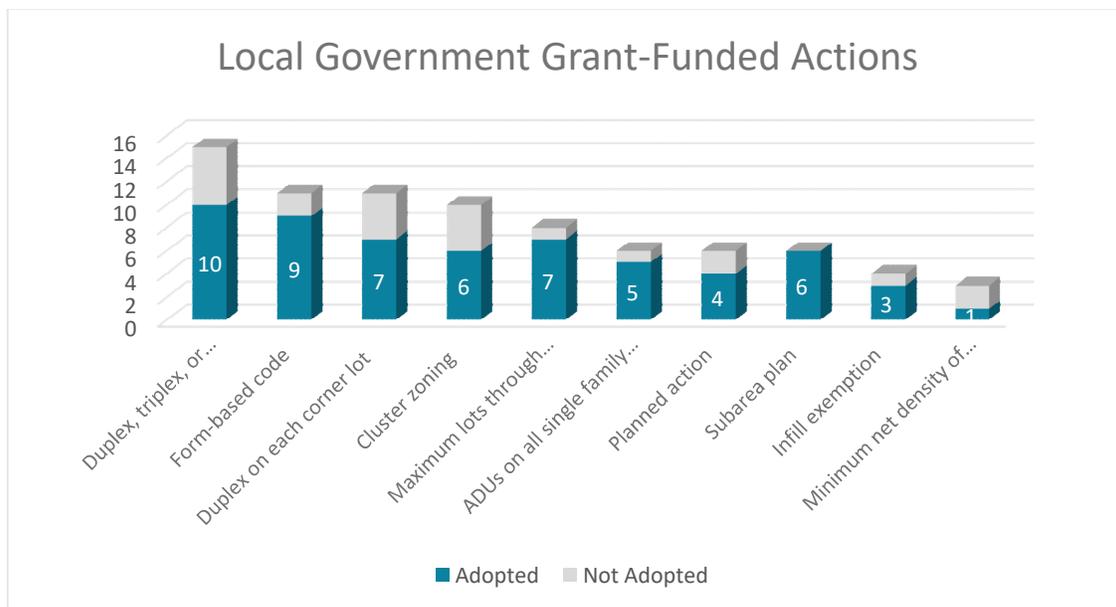
Supporting affordable housing

- Creating inclusionary housing programs or incentives
- Developing, revising, or expanding a MFTE program
- Developing rental registry program or tracking affordable housing
- Leveraging publicly-owned land for public housing
- Providing rental and homeowner assistance

Local HAPs contained strong implementation plans which included the prioritization and timing of actions to move forward in addressing their housing needs. Local HAPs also set the stage for updating housing elements in the next comprehensive plan periodic update. Overall the grants provided communities assistance to update their housing needs assessments, evaluate their current housing elements and regulations, and understand the potential for and develop tools to prevent displacement. In the 2021-2023 funding round, two communities applied for grants to continue their work stalled by the pandemic and 23 communities applied for funding to implement their HAP strategies. Nine communities who adopted code provisions in the 2019-2021 biennium applied for funding to develop a HAP in the 2021-2023 biennium.

Many Communities Revised their Development Regulations

Almost all communities developing a HAP were able to complete their work, however, it was not the same story for revising development regulations. These actions involve variable levels of investment of time, intensity of work, or community engagement, and may be politically more challenging to adopt.



Lessons from the Grant Program

Peer support, examples and guidance were important. Commerce hosted a project support web site which provided a single easy-to-navigate site where example documents from grantee jurisdictions, guidance documents from Commerce and additional resources were posted. Commerce also developed a series of peer-based webinars focused on connecting planners so that they could learn from one another while completing their projects. The web site and peer meetings were considered very valuable resources by grantees.

Local government staff requested tools to provide information to residents and elected officials.

HAPs represented a new approach to housing policy and explaining the goals, requirements and outcomes was sometimes challenging. Sub area plans and planned action ordinances are time-intensive, require community buy-in and input, and involve long timelines. To make these complex topics accessible to both elected officials and citizens takes nuanced and thoughtful communications. Jurisdictions requested PowerPoint presentations and other supports to help them navigate policy discussions.

State support helps to work through local policies: Commerce provided 17 letters to local councils to help create support for adoption of local policies. Peer support to adopt similar policies across the state was also helpful, but did not guarantee that policies would be adopted. To implement statutory language, Commerce required that final products be adopted before final invoices were paid. This also was not enough to guarantee that the policies would be adopted.

Local governments need technical support: Local governments must grapple with the complications of accommodating the needs of all economic segments of the community while managing impacts to neighborhood character and quality of life. Local planners must address these challenges and incorporate meaningful public engagement into the process. The housing shortage experienced across the state will require significant investments in local code revisions, which can be technically complicated, costly, and time consuming. Many jurisdictions do not have the expertise or capacity in-house to complete this work, and over 80% of grantees used a consultant to do the work.

Commerce offered four rounds of grant funding, yet was not able to obligate all the funding: It was difficult for communities to accept and use funding within the tight grant timelines. Political will was necessary to apply for and receive the grants; and even more necessary to adopt the policies.

Some actions cost more: The investment of both time and money varied by action type. Subarea plans and more sweeping changes to development regulations were difficult to complete within the funding timeline and required more staff and consultant time to complete. Based on the funding requests, sub area plans, planned action ordinances and regional approaches were the most costly projects to complete, and took the most time.



“COVID-19 was the largest obstacle in performing the work of this grant. Meeting with community members and seeking public input required being creative and development of an outreach website. The support and help of Commerce staff was critical to being able to carry out this grant.”

Local Planner, Grant Close Out Report

The largest barrier to success within the timeline was the COVID-19 pandemic. Communities had to learn to work virtually and adapt workstyles, platforms and processes. However these constraints stretched local governments to reach new populations by utilizing new technologies in new ways.

The second largest barrier was the local political climate. Making these type of changes takes time to build community support. Some policies were perceived as a challenge to the tradition of protecting neighborhood character.

Blanket density requirements were not attractive: No jurisdictions chose the options to increase residential density near transit facilities to 25 or 50 dwelling units per acre. This could have been because these provisions set the project areas at 250 and 500 acres, respectively, where the sheer number of housing units was beyond the scale of almost all jurisdictions. However, there was interest in planning for transit oriented development. This was confirmed through Commerce’s Transit-Oriented Development Implementation (TODI) grants in the 2021-2023 biennium, which received 18 requests for funding, totaling more than \$4 million, well over the \$2.5 million available.

Resources for Local Planners

To support grantees, Commerce developed the following resources.

Three volumes of guidance:

- Guidance for Developing a Housing Needs Assessment,
- Guidance for Developing a Housing Action Plan: Defining strategies that promote more housing, more housing diversity and affordability, and
- Guidance for Updating Your Housing Element: To meet evolving community needs.

An [EZ View website](#) was created to provide guidance and examples of grant actions. Commerce also developed a series of peer webinars to share best practices on different grant actions and to connect planners to learn from one another. This approach was replicated in a proposed national model.

HB 1923 also added RCW 36.70A.610 to the GMA, outlining the data to be provided by the Washington Center for Real Estate Research at the University of Washington. The center is required to produce a series of reports that compile housing supply and affordability metrics for each city planning under RCW 36.70A.040 with a population of ten thousand or more. This [housing market data toolkit](#) provides ongoing housing data that can help jurisdictions to measure their progress towards their housing goals.

Communities which received grants in 2019- 2021

Single City Housing Action Plans			Municipal Code Changes		Sub Area / Planned Actions	HAP & Code Changes	Regional Housing Action Plans
Auburn	Battle Ground	Black Diamond	Algona	Bothell	Airway Heights	Arlington	Bonney Lake and Sumner Lacey, Olympia, and Tumwater
Burien	Camas	Chelan	Bremerton	Covington	Chewelah	Moses Lake	
Colville	Ellensburg	Everett	East Wenatchee	Fife	Kirkland	Woodland	
Federal Way	Kent	Leavenworth	Fircrest	Lake Stevens	Lakewood		Walla Walla with College Place, Waitsburg, and Dayton
Lynnwood	Monroe	Mukilteo	Langley	North Bend	Marysville		
Oak Harbor	Poulsbo	Puyallup	Orting	Pasco	Mount Vernon		
Redmond	Renton	SeaTac	Port Angeles	Ridgefield	Port Orchard		
Seattle	Spokane	Spokane Valley	Ruston	Sultan	Vancouver		
Tacoma	Tukwila	University Place	Wenatchee				
Yakima							

Eligible activities from RCW 36.70A.600

HB 1923 (laws of 2019) provided the following list of grant-funded activities. HB 2343 (laws of 2020) significantly expanded the list of options that could be funded under the “Increasing Urban Residential Building Capacity” grant program. It also extended State Environmental Policy Act (SEPA) and Growth Management Hearings Board (GMHB) appeal protections to April 1, 2023.

(1) Jurisdictions could choose two or more of the following:

- (a) Increase residential density near commuter or light rail stations to 50 dwelling units per acre. Designated areas should be at least 500 acres in size;
- (b) Increase residential density along high frequency transit corridors to 25 dwelling units per acre. Designated areas should be at least 250 acres for cities with a population of less than 40,000 people, or 500 acres for cities with a population over 40,000;
- (c) Authorize at least one duplex, triplex, or courtyard apartment on each parcel in one or more zoning districts that permit single-family residences unless a city documents a specific infrastructure or physical constraint that would make this requirement unfeasible for a particular parcel;
- (d) Authorize cluster zoning or lot size averaging in all zoning districts that permit single-family residences;
- (e) Authorize attached accessory dwelling units (ADUs) on all parcels containing single-family homes where the lot is at least 3,200 square feet in size, and permit both attached and detached ADUs on all parcels containing single-family homes, provided lots are at least 4,356 square feet in size. Qualifying city ordinances or regulations may not provide for on-site parking requirements, owner occupancy requirements, or square footage limitations below 1,000 square feet for the accessory dwelling unit, and must not prohibit the separate rental or sale of accessory dwelling units and the primary residence. Cities must set applicable impact fees at no more than the projected impact of the accessory dwelling unit. To allow local flexibility, other than these factors, accessory dwelling units may be subject to such regulations, conditions, procedures, and limitations as determined by the local legislative authority, and must follow all applicable state and federal laws and local ordinances

- (f) Adopt a subarea plan pursuant to RCW 43.21C.420;
- (g) Adopt a planned action pursuant to RCW 43.21C.440(1)(b)(ii), except that an environmental impact statement pursuant to RCW 43.21C.030 is not required for such an action;
- (h) Adopt an infill exemption under RCW 43.21C.229 for residential or mixed-use development
- (i) Adopt a form-based code in one or more zoning districts that permit residential uses. "Form-based code" means a land development regulation that uses physical form, rather than separation of use, as the organizing principle for the code;
- (j) Authorize a duplex on each corner lot within all zoning districts that permit single-family residences;
- (k) Allow for the division or redivision of land into the maximum number of lots through the short subdivision process provided in chapter 58.17 RCW;
- (l) Authorize a minimum net density of six dwelling units per acre in all residential zones, where the residential development capacity will increase within the city.

AND/OR

(2) A city could use grant funds to adopt a housing action plan as described below. The goal of the housing plan must be to encourage construction of additional affordable and market rate housing in a greater variety of housing types and at prices that are accessible to a greater variety of incomes. The housing action plan should:

- (a) Quantify existing and projected housing needs for all income levels, including extremely low-income households, with documentation of housing and household characteristics, and cost-burdened households;
- (b) Develop strategies to increase the supply of housing, and variety of housing types, needed to serve the housing needs identified in (a) of this subsection;
- (c) Analyze population and employment trends, with documentation of projections;
- (d) Consider strategies to minimize displacement of low-income residents resulting from redevelopment;
- (e) Review and evaluate the current housing element adopted pursuant to RCW 36.70A.070, including an evaluation of success in attaining planned housing types and units, achievement of goals and policies, and implementation of the schedule of programs and actions;
- (f) Provide for participation and input from community members, community groups, local builders, local realtors, nonprofit housing advocates, and local religious groups; and
- (g) Include a schedule of programs and actions to implement the recommendations of the housing action plan.